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DEPARTMENT OF AGRICULTURE

Food and Nutrition Service

National School Lunch, Special Milk, and School Breakfast Programs, National Average Payments/Maximum Reimbursement Rates

AGENCY: Food and Nutrition Service, Agriculture (USDA).

ACTION: Notice.

SUMMARY: This Notice announces the annual adjustments to the national average payments, the amount of money the Federal Government provides States for lunches, afterschool snacks, and breakfasts served to children participating in the National School Lunch and School Breakfast Programs; to the maximum reimbursement rates, the maximum per lunch rate from Federal funds that a State can provide a school food authority for lunches served to children participating in the National School Lunch Program; and to the rate of reimbursement for a half-pint of milk served to non-needy children in a school or institution that participates in the Special Milk Program for Children.

DATES: These rates are effective from July 1, 2020 through June 30, 2021.

FOR FURTHER INFORMATION CONTACT: J. Kevin Maskornick, Branch Chief, Program Monitoring and Operational Support Division, Child Nutrition Programs, Food and Nutrition Service, United States Department of Agriculture, (703) 305-2537, 1320 Braddock Place, Suite 401, Alexandria, VA 22314.

SUPPLEMENTARY INFORMATION: The annual payments and rates adjustments for the National School Lunch and School Breakfast Programs reflect changes in the Food Away From Home series of the Consumer Price Index for All Urban Consumers. The annual rate adjustment for the Special Milk Program reflects changes in the Producer Price Index for Fluid Milk Products. Further adjustments are made to these rates to reflect higher costs of providing meals in Alaska, Guam, Hawaii, Puerto Rico, and the Virgin Islands. The payments and rates are prescribed on an annual basis each July.

Overall, reimbursement rates this year for the National School Lunch and Breakfast Programs either remained the same or increased compared to last year while the rate for the Special Milk Program went down slightly.

Background

Special Milk Program for Children - Pursuant to section 3 of the Child Nutrition Act of 1966, as amended (42 U.S.C. 1772), the Department announces the rate of reimbursement for a half-pint of milk served to non-needy children in a school or institution that participates in the Special Milk Program for Children. This rate is adjusted annually to reflect changes in the Producer Price Index for Fluid Milk Products, published by the Bureau of Labor Statistics of the Department of Labor.

National School Lunch and School Breakfast Programs - Pursuant to sections 11 and 17A of the Richard B. Russell National School Lunch Act, (42 U.S.C. 1759a and 1766a), and section 4 of the Child Nutrition Act of 1966 (42 U.S.C. 1773), the Department annually announces the adjustments to the National Average Payment Factors and to the maximum Federal reimbursement rates for lunches and afterschool snacks served to children participating in the National School Lunch Program and breakfasts served to children participating in the School

Breakfast Program. Adjustments are prescribed each July 1, based on changes in the Food Away From Home series of the Consumer Price Index for All Urban Consumers, published by the Bureau of Labor Statistics of the Department of Labor.

Lunch Payment Levels - Section 4 of the Richard B. Russell National School Lunch Act (42 U.S.C. 1753) provides general cash for food assistance payments to States to assist schools in purchasing food. The Richard B. Russell National School Lunch Act provides two different section 4 payment levels for lunches served under the National School Lunch Program. The lower payment level applies to lunches served by school food authorities in which less than 60 percent of the lunches served in the school lunch program during the second preceding school year were served free or at a reduced price. The higher payment level applies to lunches served by school food authorities in which 60 percent or more of the lunches served during the second preceding school year were served free or at a reduced price.

To supplement these section 4 payments, section 11 of the Richard B. Russell National School Lunch Act (42 U.S.C. 1759 (a)) provides special cash assistance payments to aid schools in providing free and reduced price lunches. The section 11 National Average Payment Factor for each reduced price lunch served is set at 40 cents less than the factor for each free lunch.

As authorized under sections 8 and 11 of the Richard B. Russell National School Lunch Act (42 U.S.C. 1757 and 1759a), maximum reimbursement rates for each type of lunch are prescribed by the Department in this Notice. These maximum rates are to ensure equitable disbursement of Federal funds to school food authorities.

Performance-based Reimbursement – In addition to the funding mentioned above, school food authorities certified as meeting the meal pattern and nutrition standard requirements set forth in 7 CFR parts 210 and 220 are eligible to receive performance-based cash assistance for each

reimbursable lunch served (an additional seven cents per lunch available beginning July 1, 2019, and adjusted annually thereafter).

Afterschool Snack Payments in Afterschool Care Programs – Section 17A of the Richard B. Russell National School Lunch Act (42 U.S.C. 1766a) establishes National Average Payments for free, reduced price and paid afterschool snacks as part of the National School Lunch Program.

Breakfast Payment Factors - Section 4 of the Child Nutrition Act of 1966 (42 U.S.C. 1773) establishes National Average Payment Factors for free, reduced price, and paid breakfasts served under the School Breakfast Program and additional payments for free and reduced price breakfasts served in schools determined to be in “severe need” because they serve a high percentage of needy children.

Adjusted Payments

The following specific section 4, section 11, and section 17A National Average Payment Factors and maximum reimbursement rates for lunch, the afterschool snack rates, and the breakfast rates are in effect from July 1, 2020 through June 30, 2021. Due to a higher cost of living, the average payments and maximum reimbursements for Alaska, Guam, Hawaii, Puerto Rico, and the Virgin Islands are higher than those for all other States. The District of Columbia uses figures specified for the contiguous States. These rates do not include the value of USDA Foods or cash-in-lieu of USDA Foods which schools receive as additional assistance for each meal served to participants under the Program. A notice announcing the value of USDA Foods and cash-in-lieu of USDA Foods is published separately in the *Federal Register*.

Adjustments to the national average payment rates for all lunches served under the National School Lunch Program, breakfasts served under the School Breakfast Program, and afterschool

snacks served under the National School Lunch Program are rounded down to the nearest whole cent.

Special Milk Program Payments

For the period July 1, 2020 through June 30, 2021, the rate of reimbursement for a half-pint of milk served to a non-needy child in a school or institution that participates in the Special Milk Program is 20.25 cents reflecting a decrease of 1.25 cents from the School Year (SY) 2019-2020 level. This change is based on the 5.65 percent decrease in the Producer Price Index for Fluid Milk Products from May 2019 to May 2020.

As a reminder, schools or institutions with pricing programs that elect to serve milk free to eligible children continue to receive the average cost of a half-pint of milk (the total cost of all milk purchased during the claim period divided by the total number of purchased half-pints) for each half-pint served to an eligible child.

National School Lunch Program Payments

Overall, payments for the National School Lunch Program and the Afterschool Snack Program either remained the same or increased from last year's payments due to a 2.93 percent increase in the national average payment rates for schools and residential child care institutions for the period July 1, 2020 through June 30, 2021 in the Consumer Price Index for All Urban Consumers for the food away from home series during the 12-month period May 2019 to May 2020 (from a level of 283.394 in May 2019, as previously published in the Federal Register to 291.709 in May 2020).

These changes are reflected below.

Section 4 National Average Payment Factors - In school food authorities that served less than 60 percent free and reduced price lunches in School Year (SY) 2018-2019, the payments for meals served are: Contiguous States - paid rate – 33 cents (1 cent increase from the SY 2019 - 2020 level), free and reduced price rate – 33 cents (1 cent increase), maximum rate – 41 cents (1 cent increase); Alaska - paid rate – 54 cents (1 cent increase), free and reduced price rate – 54 cents (1 cent increase), maximum rate – 65 cents (2 cents increase); Guam, Hawaii, Puerto Rico, and the Virgin Islands - paid rate – 39 cents (1 cent increase), free and reduced price rate – 39 cents (1 cent increase), maximum rate – 47 cents (1 cent increase).

In school food authorities that served 60 percent or more free and reduced price lunches in School Year 2018 - 2019, payments are: Contiguous States - paid rate – 35 cents (1 cent increase from the SY 2019 - 2020 level), free and reduced price rate – 35 cents (1 cent increase), maximum rate – 41 cents (1 cent increase); Alaska - paid rate – 56 cents (1 cent increase), free and reduced price rate – 56 cents (1 cent increase), maximum rate – 65 cents (2 cents increase); Guam, Hawaii, Puerto Rico and the Virgin Islands - paid rate – 41 cents (1 cent increase), free and reduced price rate – 41 cents (1 cent increase), maximum rate – 47 cents (1 cent increase).

School food authorities certified to receive the performance-based cash assistance will receive an additional 7 cents (adjusted annually) added to the above amounts as part of their section 4 payments.

Section 11 National Average Payment Factors - Contiguous States - free lunch – 3 dollars and 18 cents (9 cents increase from the SY 2019 – 2020 level), reduced price lunch – 2 dollars and 78 cents (9 cents increase); Alaska - free lunch – 5 dollars and 16 cents (15 cents increase), reduced price lunch – 4 dollars and 76 cents (15 cents increase); Guam, Hawaii, Puerto Rico and the

Virgin Islands - free lunch – 3 dollars and 72 cents (10 cents increase), reduced price lunch – 3 dollars and 32 cents (10 cents increase).

Afterschool Snacks in Afterschool Care Programs – The payments are: Contiguous States – free snack – 96 cents (2 cents increase from the SY 2019 - 2020 level), reduced price snack – 48 cents (1 cent increase), paid snack – 8 cents (no change); Alaska - free snack – 1 dollar and 56 cents (4 cents increase), reduced price snack – 78 cents (2 cents increase), paid snack – 14 cents (1 cent increase); Guam, Hawaii, Puerto Rico and the Virgin Islands - free snack – 1 dollar and 13 cents (3 cents increase), reduced price snack – 56 cents (1 cent increase), paid snack – 10 cents (no change).

School Breakfast Program Payments

Overall, payments for the National School Breakfast Program either remained the same or increased from last year's payments due to a 2.93 percent increase in the national average payment rates for schools and residential child care institutions for the period July 1, 2020 through June 30, 2021 in the Consumer Price Index for All Urban Consumers in the Food Away from Home series during the 12-month period May 2019 to May 2020 (from a level of 283.394 in May 2019, as previously published in the Federal Register to 291.709 in May 2020).

These changes are reflected below.

For schools “not in severe need” the payments are: Contiguous States - free breakfast – 1 dollar and 89 cents (5 cents increase from the SY 2019 - 2020 level), reduced price breakfast – 1 dollar and 59 cents (5 cents increase), paid breakfast – 32 cents (1 cent increase); Alaska - free breakfast – 3 dollars and 3 cents (8 cents increase), reduced price breakfast – 2 dollars and 73 cents (8 cents increase), paid breakfast – 49 cents (2 cents increase); Guam, Hawaii, Puerto Rico

and the Virgin Islands - free breakfast – 2 dollars and 21 cents (6 cents increase), reduced price breakfast – 1 dollar and 91 cents (6 cents increase), paid breakfast – 37 cents (1 cent increase). For schools in “severe need” the payments are: Contiguous States - free breakfast – 2 dollars and 26 cents (6 cents increase from the SY 2019 - 2020 level), reduced price breakfast – 1 dollar and 96 cents (6 cents increase), paid breakfast – 32 cents (1 cent increase); Alaska - free breakfast – 3 dollars and 64 cents (11 cents increase), reduced price breakfast – 3 dollars and 34 cents (11 cents increase), paid breakfast – 49 cents (2 cents increase); Guam, Hawaii, Puerto Rico and the Virgin Islands - free breakfast – 2 dollars and 64 cents (7 cents increase), reduced price breakfast – 2 dollars and 34 cents (7 cents increase), paid breakfast – 37 cents (1 cent increase).

Payment Chart

The following chart illustrates the lunch National Average Payment Factors with the sections 4 and 11 already combined to indicate the per lunch amount; the maximum lunch reimbursement rates; the reimbursement rates for afterschool snacks served in afterschool care programs; the breakfast National Average Payment Factors including severe need schools; and the milk reimbursement rate. All amounts are expressed in dollars or fractions thereof. The payment factors and reimbursement rates used for the District of Columbia are those specified for the contiguous States.

SCHOOL PROGRAMS							
MEAL, SNACK AND MILK PAYMENTS TO STATES AND SCHOOL FOOD AUTHORITIES							
Expressed in Dollars or Fractions Thereof							
Effective from: July 1, 2020 - June 30, 2021							
NATIONAL SCHOOL LUNCH PROGRAM ¹		LESS THAN 60%	LESS THAN 60% + 7 cents ²	60% OR MORE	60% or MORE + 7 cents ²	MAXIMUM RATE	MAXIMUM RATE + 7 cents ²
CONTIGUOUS STATES	PAID	0.33	0.40	0.35	0.42	0.41	0.48
	REDUCED PRICE	3.11	3.18	3.13	3.20	3.28	3.35
	FREE	3.51	3.58	3.53	3.60	3.68	3.75
ALASKA	PAID	0.54	0.61	0.56	0.63	0.65	0.72
	REDUCED PRICE	5.30	5.37	5.32	5.39	5.54	5.61
	FREE	5.70	5.77	5.72	5.79	5.94	6.01
GUAM, HAWAII, PUERTO RICO and VIRGIN ISLANDS	PAID	0.39	0.46	0.41	0.48	0.47	0.54
	REDUCED PRICE	3.71	3.78	3.73	3.80	3.90	3.97
	FREE	4.11	4.18	4.13	4.20	4.30	4.37
SCHOOL BREAKFAST PROGRAM				NON-SEVERE NEED		SEVERE NEED	
CONTIGUOUS STATES		PAID		0.32		0.32	
		REDUCED PRICE		1.59		1.96	
		FREE		1.89		2.26	
ALASKA		PAID		0.49		0.49	
		REDUCED PRICE		2.73		3.34	
		FREE		3.03		3.64	
GUAM, HAWAII, PUERTO RICO and VIRGIN ISLANDS		PAID		0.37		0.37	
		REDUCED PRICE		1.91		2.34	
		FREE		2.21		2.64	
SPECIAL MILK PROGRAM				ALL MILK	PAID MILK	FREE MILK	
PRICING PROGRAMS WITHOUT FREE OPTION				0.2025	N/A	N/A	
PRICING PROGRAMS WITH FREE OPTION				N/A	0.2025	Average Cost Per 1/2 Pint of Milk	
NONPRICING PROGRAMS				0.2025	N/A	N/A	
AFTERSCHOOL SNACKS SERVED IN AFTERSCHOOL CARE PROGRAMS							
CONTIGUOUS STATES			PAID			0.08	
			REDUCED PRICE			0.48	
			FREE			0.96	
ALASKA			PAID			0.14	
			REDUCED PRICE			0.78	
			FREE			1.56	
GUAM, HAWAII, PUERTO RICO and VIRGIN ISLANDS			PAID			0.10	
			REDUCED PRICE			0.56	
			FREE			1.13	

¹ Payment listed for Free and Reduced Price Lunches include both section 4 and section 11 funds

² Performance-based cash reimbursement (adjusted annually for inflation)

This action is not a rule as defined by the Regulatory Flexibility Act (5 U.S.C. 601-612) and thus is exempt from the provisions of that Act. This notice has been determined to be exempt under Executive Order 12866.

In accordance with the Paperwork Reduction Act of 1995 (44 U.S.C. 3507), no new recordkeeping or reporting requirements have been included that are subject to approval from the Office of Management and Budget.

National School Lunch, School Breakfast, and Special Milk Programs are listed in the Catalog of Federal Domestic Assistance under No. 10.555, No. 10.553, and No. 10.556, respectively, and are subject to the provisions of Executive Order 12372, which requires intergovernmental consultation with State and local officials (See 2 CFR 415.3-415.6).

AUTHORITY: Sections 4, 8, 11, and 17A of the Richard B. Russell National School Lunch Act, as amended, (42 U.S.C. 1753, 1757, 1759a, 1766a) and sections 3 and 4(b) of the Child Nutrition Act, as amended, (42 U.S.C. 1772 and 42 U.S.C. 1773(b)).

Pamilyn Miller,
Administrator,
Food and Nutrition Service.

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